



State of Washington  
**PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112  
Toll Free 1-877-601-2828 • E-mail: [pdcc@pdcc.wa.gov](mailto:pdcc@pdcc.wa.gov) • Website: [www.pdca.wa.gov](http://www.pdca.wa.gov)

9:00 a.m.  
April 9, 2002

MINUTES – SPECIAL MEETING

John Cherberg Building  
Senate Hearing Room 2  
Capitol Campus  
Olympia, Washington

COMMISSION MEMBERS PRESENT

Christine Yorozu, Chair  
Gerry Marsh, Vice Chair  
Lois Clement, Secretary  
Susan Brady, Member  
Mike Connelly, Member

STAFF PRESENT

Vicki Rippie, Executive Director  
Susan Harris, Assistant Director  
Michael Smith, Chief Tech. Officer  
Nancy Krier, Asst. Attorney General  
Linda Dalton, Sr. Asst. Attorney General  
Ruthann Bryant, Secretary

The special meeting of the Public Disclosure Commission was called to order by Commission Chair Christine Yorozu at 9:00 a.m. in the John Cherberg Building, Senate Hearing Room 2, Capitol Campus, Olympia, Washington.

Commissioner Comments

Commissioner Yorozu welcomed new Commission member Michael Connelly who resides in the Spokane area.

Commissioner Connelly currently serves as the City Attorney for the City of Spokane and has served on the Board of Directors for the Liberty School District and the Latah City Council.

Commissioner Yorozu also commented on a brief enforcement hearing held in March in which

Bellevue Mayor Connie Marshall was found in violation of RCW 42.17.125 for personal use of campaign contributions and assessed a penalty of \$100 with \$100 suspended pending no future violations for 4 years. At the time of the hearing, Ms. Marshall was present and apologetic, stating that she did not understand the provision. However shortly after the hearing, Ms. Marshall was quoted in the newspaper as saying the "ruling was based on an obscure rule." Commissioner Yorozu stated that it is unfortunate that an office holder could conduct herself in this manner by making contradictory statements.

Citizen Comments/Concerns

No citizen comments were expressed.

Minutes

**Motion 02-098**

Moved by Commissioner Clement, seconded by Commissioner Marsh:

**The Commission adopts the minutes of the regular meeting of February 26, 2002, as written.**

The motion passed unanimously.

Enforcement Matters

Reports:

Assistant Attorney General Nancy Krier briefly summarized the 45-day (citizen action) letter process. She also reported that staff will provide the Commission with reports on the status of two cases involving 45-day letters, including staff recommendations for Commission consideration.

*Permanent Offense, Permanent Offense, Inc. Traffic Improvement Initiative Committee, Tim Eyman, Karen Eyman, Suzanne Karr, Monte Benham, Jack Fagan and Mike Fagan, Case #02-281*

Susan Harris reported on a staff generated formal complaint against Permanent Offense, Permanent Offense, Inc., Traffic Improvement Initiative Committee and Tim Eyman to determine whether they:

- Properly reported campaign expenditures, including the purpose of those

expenditures, in accordance with RCW 42.17.080 and 42.17.090;

- Concealed the fact that campaign funds were expended to compensate Mr. Eyman for services he performed on behalf of Permanent Offense PAC in violation of RCW 42.17.120;
- Used campaign funds for Mr. Eyman's personal expenses in violation of RCW 42.17.125; and
- Established a second political committee, Permanent Offense, Inc., that failed to comply with the provisions of Chapter 42.17 RCW or created Permanent Offense, Inc. as part of a political committee, Permanent Offense PAC, that failed to comply with the provisions of Chapter 42.17 RCW.

Subsequent to staff's complaint, a citizen action letter was filed with the Office of the Attorney General by Richard Smith and Knoll Lowney, representing Permanently Offended, that was forwarded to the PDC staff for investigation. That letter alleged violations against Permanent Offense PAC, Permanent Offense, Inc., Traffic Improvement Initiative Committee, Tim Eyman, Karen Eyman and Suzanne Karr for:

- Failing to file timely and accurate reports with the PDC for the activities of Permanent Offense PAC and Traffic Improvement Initiative Committee in violation of RCW 42.17.080 and 42.17.090;
- Making expenditures in such a manner so as to effect concealment in violation of RCW 42.17.120; and
- Using campaign contributions for personal expenses in violation of RCW 42.17.125.

In addition, Mssrs. Smith and Lowney sent a second letter alleging that Monte Benham, Jack Fagan and Mike Fagan also violated RCW 42.17.

Ms. Harris summarized the case and reported that staff has concluded a preliminary investigation into

all of the allegations. Staff recommends the Commission find Tim Eyman in apparent violations of the following provisions:

- RCW 42.17.120 by concealing compensation paid to himself from Permanent Offense PAC through Permanent Offense, Inc. for services he provided to Permanent Offense PAC;
- RCW 42.17.125 by using Permanent Offense PAC campaign funds to pay expenses for Insignia Corp., as well as his own personal expenses;
- RCW 42.17.065 by failing to keep adequate campaign records to substantiate reimbursements to himself;
- RCW 41.17.080 and .090 by failing to report in-kind contributions Permanent Offense Inc. provided to Permanent Offense PAC;
- RCW 42.17.780 by reimbursing himself with Permanent Offense PAC funds for campaign contributions.

Staff recommends the Commission find Suzanne Karr in apparent violation of the following provisions:

- RCW 42.17.120 by concealing compensation paid to Tim Eyman from Permanent Offense PAC through Permanent Offense, Inc. for services he provided to Permanent Offense PAC;
- RCW 42.17.080 and .090 by failing to report in-kind contributions Permanent Offense Inc. provided to Permanent Offense PAC, and by failing to report orders placed, debts and obligations for Permanent Offense PAC and Traffic Improvement Initiative Committee.

Staff recommends the Commission find Permanent Offense PAC in apparent violation of the following provisions:

- RCW 42.17.080 and .090 by failing to report in-kind contributions Permanent Offense Inc. provided to Permanent Offense PAC, and by failing to report orders placed, debts and obligations;
- RCW 42.17.065 by failing to keep adequate campaign records to substantiate reimbursements to Tim Eyman;
- RCW 42.17.040 and .050 by failing to designate and report Tim Eyman as its treasurer; and
- RCW 42.17.780 by reimbursing Tim Eyman for campaign contributions.

If apparent violations are found, staff recommends that the Commission refer the matter to the Office of the Attorney General for further action.

Ms. Harris also reported that staff requests that the Commission recommend that the Office of the Attorney General take no further action against Monte Benham, Jack Fagan, Mike Fagan and Karen Eyman since the investigation revealed no evidence that these individuals personally violated the provisions of chapter 42.17 RCW.

Ms. Harris noted that staff is withdrawing its allegations regarding Traffic Improvement Initiative Committee because it has filed its final report and is no longer in existence. Staff also recommends the Commission advise the Office of the Attorney General take no further action regarding this committee. Staff is withdrawing its allegation regarding Permanent Offense Inc. for failing to register and report as a political committee.

Commissioner Yorozu provided an opportunity for both the respondents and the complainants to provide comments or concerns, however neither chose to comment.

**Motion 02-099**

Moved by Commissioner Clement, seconded by Commissioner Marsh:

**The Commission finds apparent multiple violations of RCW 42.17.120, RCW 42.17.125, RCW 42.17.065, RCW 42.17.080 and .090 and RCW 42.17.780 by Tim Eyman, PDC Case #02-281, and refers the matter to the Office of the Attorney General for appropriate action given the insufficiency of its penalty authority. Further, if the Office of the Attorney General does not take action in this case, the matter will be returned to the Public Disclosure Commission for further consideration.**

The motion passed unanimously.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

**Motion 02-100**

Moved by Commissioner Brady, seconded by Commissioner Marsh:

**The Commission finds apparent multiple violations of RCW 42.17.120, and RCW 42.17.080 and .090 by Suzanne Karr, PDC Case #02-281, and refers the matter to the Office of the Attorney General for appropriate action given the insufficiency of its penalty authority. Further, if the Office of the Attorney General does not take action in this case, the matter will be returned to the Public Disclosure Commission for further consideration.**

The motion passed unanimously.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

**Motion 02-101**

Moved by Commissioner Brady, seconded by Commissioner Clement:

**The Commission finds apparent multiple violations of RCW 42.17.080 and .090, RCW 42.17.065, RCW 42.17.040 and .050**

**and RCW 42.17.780 by Permanent Offense PAC, PDC Case #02-281, and refers the matter to the Office of the Attorney General for appropriate action given the insufficiency of its penalty authority. Further, if the Office of the Attorney General does not take action in this case, the matter will be returned to the Public Disclosure Commission for further consideration.**

The motion passed unanimously.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

The Commission concurs with staff recommendation that the Office of the Attorney General take no further action regarding Monte Benham, Mike Fagan, Jack Fagan and Karen Eyman.

The Commission commended staff for their hard work and dedication, noting that the staff did a tremendous job conducting an outstanding and thorough investigation especially given the 45-day time constraint.

*National Education Assn. (NEA)  
Case #02-282*

Susan Harris reported that staff has completed its investigation of allegations resulting from a citizen action letter filed by the Evergreen Freedom Foundation (EFF) and individuals against the National Education Association (NEA). However, the EFF filed a lawsuit in Thurston County Superior Court on April 8, 2002, and there is no need for the Commission to take any action in this matter.

Commissioner Brady expressed her frustration over staff devoting time, energy and resources to EFF's citizen action letter only for the complainant to file suit in superior court before the Commission had a chance to act on the matter.

Richard Wilkof, attorney representing the NEA, stated that he as well as two additional staff members flew in from Washington DC prepared to respond to staff's report of investigation. He added that the actions taken by the EFF are at the very least offensive since all of the parties had been assured that no action would be taken until after today's commission meeting.

Jami Lund of the EFF was present and commented that EFF had agreed that action would not be taken until the staff report was available. He stated that once the report was made available and recommendations were to dismiss the allegations, EFF had no choice but to file its lawsuit with the Thurston County Superior Court.

#### Hearing

##### *Jim Downs, Case #02-280*

Senior Assistant Attorney General Linda Dalton summarized the case against Chief Jim Downs for alleged violation of RCW 42.17.130 by authorizing the use of resources of the City of SeaTac Fire Department to assist the 2000 campaign of Geoff Simpson for State Representative.

Ms. Dalton then read the Stipulation to Facts and Jurisdiction and Identification of Disputed Facts into the record.

Ms. Dalton called John Gallup, captain with the City of SeaTac Fire Department to testify. Mr. Gallup testified that he believed that Chief Downs authorized the photo shoot on the condition that the City of SeaTac would not be identified in any campaign photographs.

Mary Elizabeth Mirante, attorney for the City of SeaTac, called Chief Jim Downs to testify. Chief Downs testified that he did not authorize the use of City of SeaTac Fire Department equipment and facilities for the photo shoot. He stated that he had talked to Mr. Rojecki about the prohibition against showing fire department logos in campaign photographs, but that they did not



specifically talk about the Simpson campaign photo shoot.

**Motion 02-102**

Moved by Commissioner Marsh, seconded by Commissioner Clement:

**The Commission finds a violation of RCW 42.17.130 in PDC Case #02-280, Jim Downs, and assesses a penalty of \$1,000 to be paid with non-public funds.**

Voting For: Commissioners Marsh, Brady, Yorozu and Clement.

Voting Against: Commissioner Connelly.

The motion passed.

Vicki Rippie is authorized to prepare and sign the order on behalf of the Commission.

Advisory Matter

Susan Harris briefed the Commission on a request from Mr. Bob Edelman to establish additional formal disclosure guidelines for disclosing joint fund raising events.

Mr. Edelman commented that rules need to be established in accordance with the statute that requires establishment of registered joint fundraising committees. He added that this approach would permit full disclosure and probably require less effort than the method outlined in the current guidelines.

Ms. Harris reported that staff would research the Federal Election Commission's rules and provide additional examples in PDC instructional manuals outlining current staff advice on the proportional share of expenses and net receipts as well as information on the participation of federal and state candidates in joint fund raising activities.

The Commission requested that staff review FEC requirements on joint fundraising and report back at a future meeting.

#### Legislation

Vicki Rippie summarized successful legislation that has an impact on chapter 42.17 RCW. Ms. Rippie reported that HB 2320 changing the C-3 reporting day from Friday to Monday and making a technical correction to two definitions passed both houses without dissent. If signed by the Governor, the bill will be effective on June 13, 2002.

Ms. Rippie also noted that Commissioner Lois Clement's appointment was confirmed on March 14, 2002.

#### Rule Making

Doug Ellis briefly summarized potential activity regarding the following rules:

- Repeal WAC 390-17-011 Caucus of the state legislature – Definition
- Amend WAC 390-16-050 Forms for contributions and expenditures of political committees not domiciled in Washington state
- Amend WAC 390-16-055 Filing reports for nonreporting committees
- Amend WAC 390-16-060 Forms for report of independent expenditures
- Adopt WAC 390-18-025 Independent Expenditure Political Advertising – Identification of “top five contributors”
- Amend WAC 390-17-030 Sample ballots and slate cards
- Amend WAC 390-17-060 Exempt activities – Definitions, reporting

Mr. Ellis noted that staff would conduct a stakeholder meeting on April 11<sup>th</sup> to give all interested persons an opportunity to participate in the process and a public hearing would take place at the May 2002 meeting.

The Commission authorized staff to move forward with the rule-making process.

Staff Report

Executive Director

Vicki Rippie discussed the current budget status report and the agency's revised appropriation as proposed in the Legislature's final version of the FY 2003 supplemental budget.

Personal Financial Affairs Reporting

New Modification Request

*Kevin Quigley, County  
Executive candidate,  
Snohomish County*

Mr. Stutzman reported that Mr. Quigley requests an exemption from reporting business customers of Everett Shipyard, Inc., of which he is president.

**Motion 02-103**

Moved by Commissioner Clement, seconded by Commissioner Marsh:

**The Commission grants the reporting modification to Kevin Quigley, as requested.**

**The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.**

Voting For: Commissioners Yorozu, Clement, Marsh and Connelly.

Voting Against: Commissioner Brady.

The motion passed.

Renewals (with changes)

*Gordon Budke, Trustee, Eastern  
Washington University*

Mr. Stutzman reported that Mr. Budke requests an exemption from reporting business and

governmental customers of Yoke's Washington Foods, Inc., and the business customers of Biomedex, Inc.

The Commission requested further information regarding Yoke's Washington Foods, Inc., and tabled the matter until the May meeting.

*William H. Gates, Regent,  
University of Washington*

Mr. Stutzman reported that Mr. Gates requests an exemption from reporting the business and other governmental customers of United Way of America of which he is a board member.

**Motion 02-104**

Moved by Commissioner Clement, seconded by Commissioner Brady:

**The Commission grants the reporting modification to William Gates, as requested.**

**The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.**

The motion passed unanimously.

Renewals (no changes)

*Cynthia Sullivan, County  
Commissioner, King County*

Mr. Stutzman reported that Ms. Sullivan requests an exemption from reporting her home address for security reasons and an exemption from reporting business and governmental customers of Hebert Research, Inc., a corporation owned by her spouse.

The Commission requested a written response from Ms. Sullivan disclosing reportable customer information of which she has become aware during the time period covered in the financial affairs report.

The remaining “renewals with no changes” reporting modification requests were considered en masse.

**Motion 02-105**

Moved by Commissioner Clement, seconded by Commissioner Marsh:

**The Commission grants the reporting modifications requested by William Baker, Richard Baldwin, Orlan Gessford, Sarah Jewell, David Lamb, Isabelle Lamb, Arch Miller, Kevin Raymond, Elizabeth Verhey, WA State School Directors’ Association, Grace Yuan and Cindy Zehnder.**

**The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.**

The motion passed unanimously.

Executive Session

The Commission went into executive session at 2:45 p.m. to discuss pending litigation with legal counsel.

Public Session/Adjournment

The Commission returned to public session and adjourned the meeting at 3:13 p.m. The next meeting is scheduled for Tuesday, May 21, 2002.

Approved by the Commission 5/21/02